

## Message Text

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PAGE 01 KUWAIT 04465 190429Z

12  
ACTION NEA-10

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R 181437Z SEP 76  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC 6265  
AMCONSUL DHAHRAN  
INFO USDOC WASHDC  
AMEMBASSY ATHENS  
AMEMBASSY TEHRAN

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E.O. 11652: N/A  
TAGS: BENC, ECRE, KU  
SUBJECT: GOK AWARDS CIVIL WORKS FOR LPG COOLING WATER  
STATION

1. EMBASSY HAS LEARNED FROM SHUAIBA AREA AUTHORITY SOURCES THAT THE GOK HAS AWARDED THE CONSTRUCTION CONTRACT FOR THE SHUAIBA NORTH COOLING WATER STATION TO A KUWAITI-AMERICAN CONSTRUCTION COMPANY, MIDDLE EAST INTERNATIONAL CONSTRUCTION COMPANY. FIRM, A PARTNERSHIP OF PROMINENT KUWAITI CONTRACTOR ALI AL-GHANEM (FIRM IS EXPERIENCED IN MARINE RELATED CONSTRUCTION, AND IS NOW COMPLETING WORK ON ON-SHORE FACILITIES FOR THE WESTER EXTENSION OF KUWAIT'S MAIN CARGO PORT), AND U.S. FIRM, FRUIN-COLNON, WILL BE RESPONSIBLE FOR ALL CIVIL WORKS INVOLVED IN THE 800,000 GALLONS PER DAY CAPACITY PLANT, DESIGNED TO MEET THE COOLING WATER NEEDS OF THE KUWAIT GAS PROJECT'S LPG PROCESSING PLANT LOCATED NEARBY. CONTRACT IS EXPECTED TO BE SIGNED WITHIN THE NEXT WEEK.

2. PLANT, DESIGNED BY CHARLES T. MAIN, WILL HAVE IN OPERATION SEVEN PUMPS TO START WITH, EACH WITH A CAPACITY IN EXCESS OF 100,000 GALLONS PER DAY. PUMPS HAVE ALREADY BEEN PURCHASED FROM JAPAN. PLANS CALL FOR ADDITION OF NINE MORE PUMPS OF SIMILAR DIMENSIONS AS REQUIRED. MECHANICAL  
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PAGE 02 KUWAIT 04465 190429Z

AND ELECTRICAL WORK REMAIN TO BE AWARDED, AND IT IS EX-

PECTED THAT CONTRACTOR WILL MAKE ACTUAL DECISION IN THIS REGARD.

3. COMMENT: AWARD REPRESENTS FIRST CONTRACT FOR FRUIN-COLNON, AND SECOND CONTRACT FOR U.S. CONSTRUCTION FIRM, THE FIRST BEING TO PERINI FOR FAHAHEEL HOSPITAL. FRUIN-COLNON'S PARTNERSHIP WITH KUWAITI CONTRACTOR IS LIKELY TO SERVE AS PATTERN FOR FURTHER EFFORTS BY U.S. CONSTRUCTION INDUSTRY TO DO BUSINESS IN KUWAIT. SEVERE LOGISTICS AND MANPOWER PROBLEMS FACED BY AMERICAN FIRMS IN ATTEMPTING TO SET UP OPERATIONS IN KUWAIT AND ELSEWHERE IN THE MIDDLE-EAST WILL FORCE INCREASED RELIANCE ON WHATEVER LOCAL EXPERTISE IN THESE AREAS IS AVAILABLE. KUWAITI POLICYMAKERS, ON THE OTHER HAND, RECOGNIZE THAT LOCALLY BASED CONTRACTORS HAVE LITTLE EXPERIENCE IN PROJECTS CALLING FOR ENOURMOUS EFFORT OR SPECIALIZED TALENTS. CHIEF COMPETITOR FOR FRUIN-COLNON-AL-GHANEM WAS A CONSORTIUM OF LOCAL CONTRACTORS, INTERNATIONAL CONSTRUCTION CO. THOUGH REPORTEDLY WELL-ENDOWED WITH SHEIKHLY CONNECTIONS, AND THUS SUPPOSEDLY POSSESSING A LOCK ON ELECTRIC POWER AND WATER PROJECTS OF THIS TYPE, ICC LOST OUT TO MIDDLE-EAST CONSTRUCTION.

4. ACTION REQUESTED: EMBASSY REQUESTS DHAHRAN CONTACT A MR. ROBERT B. BROWN, V.P., ALLIS-CHALMERS, BOX 9, AL-KHOBAR, SAUDI ARABIA (TEL: 42784) AND INFORM HIM OF FRUIN-COLNON CONTRACT AWARD. ALLIS-CHALMERS IS BIDDING ON ELECTRICAL EQUIPMENT PORTION OF PROJECT THAT REMAINS TO BE AWARDED. MAESTRONE

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